

United States
Lease Financing, Inc.



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San Francisco, California 94111
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June 18, 1986

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INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Mrs. Mildred Lee, Room 2303

Dear Sir:

Enclosed for recordation under provisions of Section 11303 (formerly 20c) of the Interstate Commerce Act and the regulations promulgated thereunder, as amended, is the original and three counterparts of a release of security interest in a Chattel Mortgage Assignment of Rents and Security Agreement dated as of November 20, 1968. Said agreement was filed with the Interstate Commerce Commission on December 4, 1968 and assigned ICC recordation number 6011.

The names and addresses of the parties to the enclosed are:

MORTGAGOR: Ben Maushardt and D.E. Mundell, Co-Trustees under a Trust Agreement dated as of August 26, 1968 and United States Leasing International Inc., solely as Agent for the trustees.
733 Front Street
San Francisco, CA 94111

MORTGAGEE: Provident Mutual Life Insurance
Company of Philadelphia
1600 Market Street
Philadelphia, PA 19103

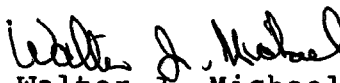
The general description of the equipment is contained in Schedule I to the Security Agreement.

We are acting on behalf of our parent company which is the Agent of the Trust under the aforementioned Trust Agreement, and we ourselves have knowledge of the matters set forth herein.

Enclosed is a remittance of \$10.00 covering the required recording fee.

Please return three recorded copies of the Release to the undersigned.

Very truly yours,


Walter J. Michael
Treasurer
(415) 627-9283

WJM:bt

6014

RECORDATION NO. _____ Filed & Recorded

DEC 9 1968 - 9 12 AM

INTERSTATE COMMERCE COMMISSION

LEASE OF DIESEL-ELECTRIC LOCOMOTIVES

Dated as of November 1, 1968

between

The First National Bank of Chicago, Lessor,

and

Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Lessee

Covering 25 Diesel-Electric Locomotives.

RECEIVED
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I.C.C.
FEE OPERATION BR.

LEASE OF DIESEL-ELECTRIC LOCOMOTIVES, dated as of November 1, 1968, between THE FIRST NATIONAL BANK OF CHICAGO, a national banking association (hereinafter called the Lessor) and CHICAGO, MILWAUKEE, ST. PAUL and PACIFIC RAILROAD COMPANY, a Wisconsin corporation, (hereinafter called the Lessee).

WHEREAS, pursuant to the letter agreement of November 1, 1968 between Lessor and Lessee, the Lessor has taken assignments of purchase orders with Electro-Motive Division, General Motors Corporation (hereinafter called the Manufacturer) wherein the Manufacturer has agreed to manufacture, sell, and deliver to the Lessor the twenty-five diesel-electric locomotives described in Schedule A attached hereto and made a part hereof, in accordance with the specifications therefor, heretofore delivered to the Lessor and duly approved by the Lessee by endorsement thereon (hereinafter, with such modifications therefor as may be approved by the Manufacturer, the Lessor and the Lessee, called the Specifications);

WHEREAS, the Lessee desires to lease said twenty-five diesel-electric locomotives, or such lesser number as are delivered and accepted under said purchase orders on or prior to May 1, 1969 (hereinafter called the Locomotives), at the rental and for the terms and upon the conditions hereinafter provided;

Now, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Locomotives to the Lessee upon the following terms and conditions, namely:

1. Delivery and Acceptance of Locomotives. The Lessor will cause each Locomotive to be tendered to the Lessee and upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same and, if such Locomotive is found to be in good order, to accept delivery of such Locomotive and to execute and deliver to the Lessor and to the Manufacturer a certificate of acceptance (hereinafter called the Certificate of Acceptance); whereupon such Locomotive shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

2. Rentals. As rental for each Locomotive, Lessee agrees to pay to Lessor 60 equal quarter-annual payments, each such payment to be in an amount equal to 2.206% of the purchase price of such Locomotive (as certified to by Lessor) payable on the 10th day of each March, June, September and December commencing with the first such date coincident with or following the Delivery Date. When the Delivery Date is not coincident with a rental payment date, the Lessee shall, in each such case, on the first rental payment date thereafter, pay in addition to the rental payment then due an amount equal to .0111% times the number of days between such Delivery Date and such first rental payment date thereafter. The delivery date for each Locomotive shall be the date of delivery to and acceptance by the Lessee of such Locomotive pursuant to Section 1 hereof. As promptly as possible, the Lessor will prepare and submit to the Lessee for approval a rental payment schedule setting forth the purchase price of each Locomotive and the amounts and methods of calculation of the rental payments required by this Section 2.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Manufacturers; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Locomotive(s) from whatsoever cause, the taking or requisition of the Locomotive(s) by condemnation or otherwise, the lawful prohibition of Lessee's use of the Locomotives, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3. Term of Lease. The term of this Lease as to each Locomotive shall begin on the date of the delivery to and acceptance by the Lessee of such Locomotive and, subject to the provisions of Section 10 hereof, shall terminate at the expiration of fifteen (15) years from the commencement of the initial rental period for such Locomotive.

4. Identification Marks. The Lessee will cause each Locomotive to be kept numbered with its identifying number as set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Locomotive, in letters not less than one inch in height, the name of the Lessor followed by the words "Owner-Lessor" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Locomotive and its rights under this Lease. The Lessee will not place any such Locomotive in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the number of any Locomotive except with the consent of the Lessor and in accordance with a statement of new numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Locomotives as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Locomotives to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Locomotives under this Lease.

5. Taxes. The Lessee agrees that, during the continuance of this Lease, in addition to the rentals herein provided, it will promptly pay all taxes, assessments and other governmental charges, including but not limited to sales or use taxes, levied or assessed upon the Locomotives or the interest of the Lessee in the Locomotives subject to this Lease or any thereof or upon the use or operation thereof or the earnings arising therefrom and will promptly pay or reimburse the Lessor for all taxes, assessments and other governmental charges levied or assessed against the Lessor on account of its acquisition or ownership of such Locomotives or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of Federal and/or Illinois income taxes on the rentals herein provided except any such tax on rentals which is in substitution for, or relieves the Lessee from, the payment of taxes which it would otherwise be obliged to pay or reimburse as hereinbefore provided), including but not limited to any sales or use taxes payable on account of the acquisition or ownership of the Locomotives or any thereof by the Lessor or on account of the leasing of the Locomotives hereunder; but the Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of the Lessor, the rights or interests of the Lessor will be materially endangered. In the event any tax reports are required to be made on the basis of individual Locomotives, the Lessee will either make such reports in such manner as to show the ownership of such Locomotives by the Lessor or will notify the Lessor of such requirement and will make such report in such manner as shall be satisfactory to the Lessor.

6. Payment for Casualty Occurrence or Locomotives Unserviceable for Use. In the event that any Locomotive shall be or become worn-out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, obsolete or economically unserviceable for use from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Lessor in regard thereto and on the next succeeding rental payment date shall pay to the Lessor a sum equal to

the Casualty Value of such Locomotive as of the date of such payment. Upon making such payment in respect of any Locomotive, the rental for such Locomotive shall cease to accrue as of such rental payment date and the Lessee shall be entitled to the salvage of such Locomotive.

If any money is paid to the Lessor pursuant to the preceding paragraph of this Section 6, each of the succeeding rental payments, if any, payable pursuant to Section 2 of this Lease shall be reduced by an amount obtained by multiplying the purchase price of such Locomotive or Locomotives that suffered a Casualty Occurrence by 2.206%, and the Lessee shall furnish to the Lessor a revised payment schedule reflecting such payment.

The Casualty Value of each Locomotive shall be deemed to be an amount equal to that percentage of the purchase price applicable to such Locomotive as set forth in Schedule B attached hereto and made a part hereof.

The Lessee shall bear the risk of and, except as herein above in this Section 6 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Locomotive after delivery to and acceptance thereof by the Lessee hereunder.

In the event that during the term of this Lease the use of any Locomotive shall be requisitioned or any Locomotive shall be taken by any governmental authority under the power of eminent domain or otherwise, on any basis not involving the taking of title to such Locomotive, such requisition or taking shall not terminate this Lease, and each and every obligation of the Lessee with respect thereto shall remain in full force and effect. So long as the Lessee shall not be in default under this Lease, the Lessor shall pay to the Lessee all sums received by the Lessor from such governmental authority as compensation for requisition or taking of title or possession in respect of any period.

7. Annual Reports. On or before September 1 in each year, commencing with the year 1969, the Lessee will furnish to the Lessor an accurate statement, as of the preceding August 1: (a) showing the amount, description and numbers of the Locomotives then leased hereunder, the amount, description and numbers of all Locomotives that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement) and such other information regarding the condition and state of repair of the Locomotives as the Lessor may reasonably request; and (b) stating that, in the case of all Locomotives repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced.

The Lessor shall have the right, at its sole cost and expense, by its authorized representatives, to inspect the Locomotives and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease.

8. Maintenance; Compliance with Laws and Rules; and Indemnification. The Lessor makes no warranty or representation, either express or implied, as to the fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, the Locomotives delivered to the Lessee hereunder, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have, as Purchaser, under the manufacturing agreements. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Locomotive which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

The Lessee agrees to comply with all Governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission) with respect to the use, maintenance and operation of each Locomotive subject to this Lease. In case any equipment or appliance on any such Locomotive

shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Locomotive in order to comply with such laws, regulations, requirements and rules the Lessee agrees to make such changes, additions and replacements; and the Lessee agrees to maintain such Locomotive in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease.

Any parts installed or replacements made by the Lessee upon any Locomotive shall be considered accessions to such Locomotive and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense or liability (including but not limited to counsel fees and expenses and patent liabilities) which the Lessor may incur in any manner by reason of its ownership of, or which may arise in any manner out of or as a result of the use or operation of, any Locomotive while it is subject to this Lease, and to indemnify and save harmless the Lessor against any claim or suit on account of any accident in connection with the operation of such Locomotive resulting in damage to property or injury to any person.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports required to be filed by Lessor, with any Federal, State or other regulatory authority by reason of the ownership by the Lessor of the Locomotives or the leasing of the Locomotives to Lessee.

9. Return of Locomotives upon Expiration of Term. Not more than 60 days prior to the expiration of the term of this Lease with respect to any Locomotive the Lessor shall invite tenders, on a public or private basis, for the purchase of such Locomotive for cash on an "as is" basis upon the expiration of such term, such tenders to be submitted within 30 days after such invitation is made. If the Lessor receives one or more unconditional offers for the purchase of such Locomotive within such 30 days' period, the Lessee shall have a right of first refusal for a period of 10 days after notification of the terms of the highest offer received by the Lessor to purchase such Locomotive upon the terms provided for in such offer. Notwithstanding the foregoing, the Lessor shall not be obligated to sell any Locomotive at less than its Casualty Value.

As soon as practicable on or after the expiration of the term of this Lease with respect to any Locomotive, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Locomotive to the Lessor in such storage yards of the Lessee as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Locomotive in such yards for a period not exceeding three months and transport the same, at any time within such three months' period, to any reasonable place where the Lessee conducts business or to any carrier at such place for shipment, all as directed by the Lessor; the movement and storage of such Locomotive to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Locomotive, to inspect the same. Following such expiration of the term of this Lease with respect to such Locomotive, the rental therefor shall continue, however, at a daily rate computed by dividing the monthly rental per Locomotive by 30 until actual withdrawal from service and storage of such Locomotive. Notwithstanding the foregoing, if any such Locomotive is sold to the Lessee pursuant to the foregoing provisions of this Section 9 prior to its having been assembled, delivered and stored as above provided, all obligations hereunder of the Lessee with respect to the assembling, delivery, storage and transporting of such Locomotive shall thereupon terminate. The assembling, delivery, storage and transporting of the Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Locomotives.

10. Default. If, during the continuance of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for 30 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Locomotives, or any thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Locomotives within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

E. any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or involvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the property of the Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option may

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Locomotives shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Locomotives may be and take possession of all or any of such Locomotives and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Locomotives for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Locomotive, which represents the excess of the present worth, at the time of such termination, of all rentals for such Locomotive which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Locomotive over the then present worth of the then fair rental value of such Locomotive for such period

computed by discounting to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Locomotive during such period, such present worth to be computed in each case on the basis of a 4% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf in connection with the lease of the Locomotives.

The failure of Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

11. Return of Locomotives upon Default. If the Lessor shall terminate this Lease pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of the Locomotives to the Lessor. For the purpose of delivering possession of any Locomotive or Locomotives to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

A. forthwith place such Locomotives in such storage yards of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select;

B. permit the Lessor to store such Locomotives in such yards for a period not exceeding six months at the risk of the Lessor; and

C. transport the same, at any time within such six months' period, to any place where the Lessee conducts business operations, or deliver the same to any carrier at such place for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Locomotives.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Locomotive to the Lessor, to demand and take possession of such Locomotive in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Locomotive.

12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Locomotives in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in the Locomotives or any of them. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession

or control, any of the Locomotives, except in the ordinary course of business of the Lessee, including the usual interchange and subleasing, except to the extent permitted by the provisions of the next succeeding paragraph hereof. No assignment, sublease, or interchange entered into by Lessee hereunder shall relieve Lessee of any liability or obligations hereunder.

Nothing in this Section 12 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Locomotives or possession of the Locomotives to any corporation (which shall have duly assumed the obligations hereunder of the Lessee); into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

13. Opinion of Counsel. Concurrently with the execution and delivery of this Lease, the Lessee will deliver to the Lessor two counterparts of the written opinion of counsel for the Lessee, in scope and substance satisfactory to the Lessor and its counsel, to the effect

A. that the Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Wisconsin, with adequate corporate power to enter into this Lease;

B. that this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal, and binding agreement of the Lessee enforceable in accordance with its terms;

C. that if this Lease is filed and recorded with the Interstate Commerce Commission, pursuant to Section 20c of the Interstate Commerce Act, no other filing or recording is necessary to protect the Lessor's title to the Locomotives in the United States of America;

D. that no approval is required from any public regulatory body with respect to the entering into or performance of this Lease; and

E. that the entering into and performance of this Lease will not result in any breach of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Lessee's leasehold interest under this Lease in the Locomotives pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it may be bound.

14. Indemnification.

(a) If Lessor shall lose all or any portion of the investment tax credit allowed by Section 38 of the Internal Revenue Code of 1954, as amended, with respect to the Locomotives or any individual Locomotive under any circumstances whatsoever (including, without limitation, any casualty occurrence or the use of such Locomotives outside the United States) and, as a result thereof loses any Federal income tax depreciation deductions, Lessee agrees to pay to Lessor, as supplemental rent, a sum which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to the amount of the investment credit and depreciation deductions so lost by Lessor, together with any interest which may be assessed by the Government against Lessor in connection with such loss of the investment tax credit and depreciation deductions, which amounts shall be payable on written demand made at any time after payment of the tax attributable to the portion of the investment tax credit and depreciation deductions lost; provided, however, that Lessee shall not be required to pay such full amount in the event Lessee shall be required by the terms hereof to pay, and shall have paid in full, the Casualty Loss Value of the Locomotives. But Lessee shall in such event nonetheless pay Lessor for any part of the investment tax credit and depreciation deductions so lost by Lessor which has not been included in and paid to Lessor as part of the said Casualty Loss Value and in such event Lessee will also pay any interest which may be assessed by the Government.

(b) Lessor agrees to notify Lessee promptly of any claim made by the Internal Revenue Service against Lessor in respect to the disallowance of such investment tax credit or depreciation deductions

which relates to information which may be particularly within the knowledge of Lessor. Lessor further agrees that, should all or any portion of the said investment tax credit or depreciation deductions be disallowed as aforesaid, Lessor will contest the disallowance, if so requested by Lessee, provided that Lessee makes adequate provision for Lessor's indemnification and the payment of all of Lessor's expenses, including legal fees, in connection therewith.

15. Recording Expenses. Prior to the delivery and acceptance of the first Locomotive, the Lessee will, without expense to the Lessor, cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will, at its expense, from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of proper protection, to the satisfaction of counsel for the Lessor, of its title to the Locomotives, or for the purpose of carrying out the intention of this Lease.

The Lessee agrees to pay all reasonable fees and disbursements of counsel for the Lessor, incurred in respect of their acting as such counsel for the Lessor under this Lease.

The Lessor shall have the right, at any time during the term of this Lease, to appoint a bank or trust company selected by it to act as agent or trustee for it hereunder. If any agent or trustee is so appointed, the Lessee agrees to pay the reasonable charges of such agent or trustee in so acting, including the reasonable fees and disbursements of its counsel incurred in connection therewith.

16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder shall result in the obligation on the part of the Lessee to pay also an amount equal to 8% (or the lawful rate, whichever is less) of the overdue rentals for the period of time during which they are overdue.

17. Financial Information. Lessee agrees to furnish to Lessor within one hundred twenty (120) days after the close of each fiscal year an audit report prepared by independent certified public accountants, or other accountants acceptable to Lessor, and within 60 days after the close of each semi-annual period of the Lessee's fiscal years, balance sheets as of the end of such period, and profit and loss and surplus statements certified as accurate by the Lessee, and from time to time such other information as the Lessor may request.

18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to the Lessor: The First National Bank of Chicago
88 South Dearborn Street
Chicago, Illinois 60690

If to the Lessee: Chicago, Milwaukee, St. Paul and Pacific Railroad Company
516 West Jackson Boulevard
Chicago, Illinois 60606

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

19. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts together shall constitute but one and the same instrument.

20. Law Governing. This Agreement shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, or depositing hereof as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded or deposited.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, as of the date first above written.

THE FIRST NATIONAL BANK OF CHICAGO

By Marvin Julian

ATTEST:

R. A. Chardich

(CORPORATE SEAL)

CHICAGO, MILWAUKEE, ST. PAUL AND
PACIFIC RAILROAD COMPANY

By J. A. Estabrook

Vice President - Finance & Accounting

ATTEST:

J. J. Tamm
Secretary

(CORPORATE SEAL)

STATE OF ILLINOIS }
COUNTY OF COOK } ss

On this 3rd day of Dec., 1968, before me personally appeared Martin D. Julian, to me personally known, who, being by me duly sworn, says that he is a Asst. V. Pres. of The First National Bank of Chicago, that one of the seals affixed to the foregoing instrument is the corporate seal of the said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-Laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Thomas G. McParrin

Notary Public

My commission expires MY COMMISSION EXPIRES JAN. 20, 1971

(NOTARIAL SEAL)

STATE OF ILLINOIS }
COUNTY OF COOK } ss

On this 3rd day of Dec 1968, before me personally appeared R. J. Matoshewski, to me personally known, who, being by me duly sworn, says that he is a Vice President of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

W. E. Jones

Notary Public

My commission expires Feb 20, 1969

(NOTARIAL SEAL)

SCHEDULE A

Order No.	Quantity	Description	Supplier & Manufacturer with Whom Order Placed	Price Per Unit	Total Purchase Price	Completion of Delivery Schedule	Identifying Number
68905	4	Model SD45 Freight Units, 3600 H.P. with Locotrol Slave Equipment	General Motors Corporation, Electro-Motive Division, McCook, Illinois	\$309,299	\$1,237,196	Dec. 1968	4006 4007 4008 4009
68906	4	Model GP40 Freight Units, 3000 H.P. with Locotrol Master Equipment	General Motors Corporation, Electro-Motive Division, McCook, Illinois	\$251,639	\$1,006,556	Dec. 1968	2057 2058 2059 2060
68903	7	Model GP40 Freight Units, 3000 H.P.	General Motors Corporation, Electro-Motive Division, McCook, Illinois	\$222,329	\$1,556,303	Dec. 1968	2061 2062 2063 2064 2065 2066 2067
68902	5	Model FP45 Passenger Units, 3600 H.P. with Boilers	General Motors Corporation, Electro-Motive Division, McCook, Illinois	\$313,206	\$1,566,030	Jan. 1969	1 2 3 4 5
68904	$\frac{5}{25}$	Model SDL-39 Road Switchers, 2300 H.P. for Branch Line Operation	General Motors Corporation, Electro-Motive Division, McCook, Illinois	\$228,691	\$1,143,455	First Quarter 1969	581 582 583 584 585

NB: Total purchase price includes all federal excise taxes, but does not include any State sales taxes, if applicable.

SCHEDULE B

MILWAUKEE ROAD

CASUALTY VALUE SCHEDULE

<u>After Payment No.</u>	<u>Percent of Original Cost</u>	<u>After Payment No.</u>	<u>Percent of Original Cost</u>
1.....	99.996	31.....	65.418
2.....	99.800	32.....	64.066
3.....	99.565	33.....	58.197
4.....	99.045	34.....	56.786
5.....	98.558	35.....	55.347
6.....	98.038	36.....	53.878
7.....	97.484	37.....	52.379
8.....	96.896	38.....	50.853
9.....	96.274	39.....	49.298
10.....	95.619	40.....	47.715
11.....	94.930	41.....	46.104
12.....	94.209	42.....	44.465
13.....	93.453	43.....	42.799
14.....	92.665	44.....	41.105
15.....	91.845	45.....	39.384
16.....	90.991	46.....	37.636
17.....	85.618	47.....	35.862
18.....	84.700	48.....	34.061
19.....	83.750	49.....	32.233
20.....	82.768	50.....	30.380
21.....	81.753	51.....	28.502
22.....	80.708	52.....	26.597
23.....	79.631	53.....	24.668
24.....	78.523	54.....	22.712
25.....	72.896	55.....	20.733
26.....	71.726	56.....	18.728
27.....	70.525	57.....	16.699
28.....	69.294	58.....	14.647
29.....	68.031	59.....	12.570
30.....	66.739	60 & thereafter.....	10.470